
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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To: All County Auditors and all County Assessors
From: Department of Local Government Finance
Date: December 16, 2003
Re: Extending Homestead and other Deduction Applications

This memorandum is intended to notify you of recent changes in the law affecting the filing of applications for certain property tax deductions and the procedures to be initiated in the future to assist you with providing tax relief for your constituents.

Overview of Recent Legislation:

Before the Indiana General Assembly convened for the 2004 Short Session, Governor Kernan proposed targeted solutions for many of the problems Indiana taxpayers are facing as a result of the 2002 general reassessment. Governor Kernan asked counties to extend the filing deadlines on property tax deductions to allow taxpayers the opportunity to qualify for the deduction in 2003 and receive the benefit in 2004. The deadline extension applied to the Homestead, mortgage, seniors, veterans, blind, and disabled deductions. The Department of Local Government Finance supported this request and asked county auditors and other officials to publicize this effort.

On December 5, 2003, the General Assembly passed Senate Bill 1 that contained provisions to provide interim relief to Indiana taxpayers. The bill, signed by the Governor on December 12, 2003, includes the following provisions:

- Extending the filing deadline for homestead credits and other deductions to December 15, 2003. The Legislative Services Agency estimates that 95,000 homeowners may not have yet filed for the Homestead credit, and the new law will save taxpayers an estimated \$70 million during the next two years.
- Permission for counties, with state approval, to offer installment plans to taxpayers and waive late-payment penalties.
- A guarantee that taxpayers may receive the \$2,500 income-tax deduction for 2003 property taxes even if they are paid in 2004. Many county auditors offices have accepted late filed applications as timely filed applications in the subsequent year. These new applications are considered timely if filed prior to December 15, 2003, thus providing the county a clean paper trail.
- Changes to the petition/remonstrance law, requiring fewer signatures to get the petition process started for taxpayers who object to government construction projects.
- Prohibitions against local governments from bankrolling property tax increases.
- Requires all counties to file sales disclosure forms electronically after December 2004.

Extended 2003 Deadline for Homestead and other Deductions:

The December 15 deadline applies to the following deductions: IC 6-1.1-20.9 (Homestead credit); IC 6-1.1-12-37 (standard Homestead); IC 6-1.1-12-1 (mortgage); IC 6-1.1-12-9 (over 65); IC 6-1.1-12-11 (blind and disabled); IC 6-1.1-12-13 (veteran's partial disabled); IC 6-1.1-12-14 (veteran's total disabled); IC 6-1.1-12-16 (WWI veteran); IC 6-1.1-12-17.4 (WWI veteran's spouse). The December 15 deadline also applies to annually assessed and real property mobile home deductions.

The deadline is only extended in 2003 to those who would have qualified on the 2003 deadlines. If an individual would not have qualified on May 10, 2003, they will not be able to receive the benefit for 2004. County Auditor offices have accepted late filed applications as timely filed applications in the subsequent year. These new applications are timely if filed on or before December 15, 2003, thus providing the county a clean paper trail. The Department will be sending updates in the near future.

Amended AV Limitation Qualifications for Over 65 Deduction:

A common concern heard by the Department is that many persons over the age of sixty-five (65) lost their age deduction in 2002, due to the increase in the property's assessed value exceeding the \$69,000 limitation, but will qualify again in 2003 due to the limitation being increased to \$144,000.

The Department has advised counties to retain all over sixty-five (65) deduction applications, including the ones that were pulled in 2002, and reapply the deduction if the person re-qualifies in 2003. Do not make the individual taxpayer re-file for the deduction if the reason the person did not qualify in 2002 was the result of reassessment, not their personal filing. The intent of P.L.272-2003 was to provide additional relief on taxes first due and payable after December 31, 2003. Persons who have never filed for the over-65 deduction may of course still apply until December 15, 2003, but for those who lost the deduction in 2002 a carry over to 2003 is the most equitable solution. The auditor should treat the prior applications as re-filed and review the qualifications accordingly.

If you have questions, please feel free to contact us.